



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

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Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

May 18, 2000

CERTIFIED RETURN RECEIPT REQUEST
Z 403 013 809

Mr. John F. Carmody
Western States Minerals Corporation
4975 Van Gordon Street
Wheat Ridge, Colorado 80033

Re: Notice of Authorization to Proceed, Western States Minerals Corporation (WSMC), Drum Mine,
M/027/007, Millard County, Utah

Dear Mr. Carmody:

You are hereby given notice of formal DOGM authorization to proceed with the proposed closure and reclamation construction work for the Drum Mine site. Western States Minerals Corporation will serve as the sole source contractor for the project and will have 14 days from the date of receipt of this notice to begin the work according to the approved reclamation plan.

Final executed copies of the First Amended Settlement Agreement and the State's Sole Source Contract are now in place and have been forwarded to the appropriate parties. Per your request, we have enclosed two fully executed copies of the sole source contract for your records.

Please note that the principal contact (and alternate) for the Division of Oil, Gas and Mining will be:

D. Wayne Hedberg, Permit Supvsr.
Minerals Reclamation Program
Utah Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Phone: (801) 538-5286
Fax: (801) 359-3940

(alternate)

Doug Jensen, Senior Reclamation Specialist
Minerals Reclamation Program
Utah Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
Phone: (801) 538-5382
Fax: (801) 359-3940

All information regarding this project, submittals, billables and correspondence will be submitted to the principal contact (or designated alternate) of the Division.

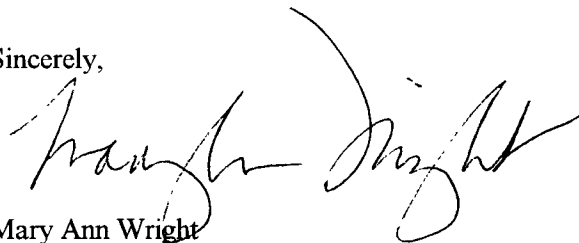
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John F. Carmody
M/027/007
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Please note that the Division will recognize the following representative of the Contractor (WSMC) for all correspondence regarding the contract:

Mr. John F. Carmody
Western States Minerals Corporation
4975 Van Gordon Street
Wheat Ridge, Colorado 80033
Phone: (303) 425-7042 ext. 23
Fax: (303) 425-6634

Please reply with a request for change order prior to changing the above contractor representative. We look forward to working with WSMC and thank you for your continued cooperation and personal efforts in finalizing this mine closure action.

Sincerely,



Mary Ann Wright
Associate Director, Mining

jb

Enclosures: 2- executed Sole Source Contracts & 2 right-to-mine

cc. Craig Carver, Esq. (Alfers & Carver, LLC)
E.M. (Buzz) Gerick (Western Minerals) - 1 right-to-mine
Tom Mitchell, AAG Office - 1 settlement agreement, 1 right-to-mine
Don Ostler (DWQ) - 1 settlement agreement
Rex Rowley, BLM (regional office) 1 settlement agreement
Sally Wisely & Terry Snyder, BLM (state office) 1 settlement agreement

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